

Message Text

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SUBJECT: DEVELOPMENT COMMITTEE PRESS COMMUNIQUE

1. FOLLOWING IS PRESS COMMUNIQUE ISSUED FROM DEVELOPMENT
COMMITTEE MEETING:

2. QUOTE: THE JOINT MINISTERIAL COMMITTEE OF THE BOARDS OF
GOVERNORS OF THE BANK AND THE FUND ON THE TRANSFER OF REAL
RESOURCES TO DEVELOPING COUNTRIES (THE DEVELOPMENT COMMIT-
TEE) HELD ITS SECOND MEETING IN WASHINGTON ON JANUARY 17,
1975, UNDER THE CHAIRMANSHIP OF MR. HENRI KONAN BEDIE,
MINISTER OF ECONOMY AND FINANCE FOR THE IVORY COAST. THE
MEETING WAS HELD IN THE HEADQUARTERS BUILDING OF THE PAN
AMERICAN HEALTH ORGANIZATION. MR. ROBERT S. MCNAMARA, PRE-
SIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT, AND MR. JOHANNES WITTEVEEN, MANAGING DIRECTOR
OF THE INTERNATIONAL MONETARY FUND, TOOK PART IN THE MEET-
ING, WHICH WAS ALSO ATTENDED BY MR. ABDEL WAHAB LABIDI,
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PRESIDENT OF THE AFRICAN DEVELOPMENT BANK, MR. SHIRO INOUE,

PRESIDENT OF THE ASIAN DEVELOPMENT BANK, MR. M.G. MATHUR, DEPUTY DIRECTOR-GENERAL OF THE GATT, MR. ANTONIO ORTIZ MENA, PRESIDENT OF THE INTER-AMERICAN DEVELOPMENT BANK, MR. E. VAN LENNEP, SECRETARY GENERAL OF THE OECD, MR. MAURICE WILLIAMS, CHAIRMAN OF THE DAC, MR. MAHJOOB HASSANAIN, DIRECTOR OF THE ECONOMIC DEPARTMENT OF OPEC, MR. GABRIEL VAN LAETHEM, UNDER SECRETARY GENERAL OF THE UNITED NATIONS AND

DR. RAUL PREBISCH, UNDER SECRETARY GENERAL OF THE UNITED NATIONS EMERGENCY OPERATION, MR. GAMANI COREA, SECRETARY GENERAL OF UNCTAD AND AMBASSADOR PAUL JOLLES OF SWITZERLAND.

3. QUOTE: THE COMMITTEE RECEIVED SEVERAL REPORTS PRESENTED BY THE EXECUTIVE SECRETARY, MR. HENRY J. COSTANZO, ON THE INITIAL WORK PROGRAM ADOPTED AT THE INAUGURAL MEETING, RELATED TO THE SITUATION OF THE MOST SERIOUSLY AFFECTED DEVELOPING COUNTRIES, MEASURES TO ADJUST TO THE NEW OUTLOOK IN COMMODITY PRICES, AND THE FUTURE WORK PROGRAM OF THE COMMITTEE.

4. QUOTE: THE MEMBERS OF THE COMMITTEE ENGAGED IN A GENERAL EXCHANGE OF VIEWS REGARDING THE PRESENT SITUATION AND PROSPECTS OF THE DEVELOPING COUNTRIES. MEMBERS NOTED THAT MANY DEVELOPING COUNTRIES FOUND THEMSELVES IN SERIOUS DIFFICULTIES AS A RESULT OF SUBSTANTIAL ADVERSE CHANGES IN THEIR TERMS OF TRADE AND AN INADEQUATE FLOW OF EXTERNAL CAPITAL AND WERE BEING FORCED TO TAKE ADJUSTMENT MEASURES IN MANY CASES HARMFUL TO THEIR LONG-TERM ECONOMIC AND SOCIAL DEVELOPMENT. THE MEMBERS RECOGNIZED THAT THIS SITUATION WAS LIKELY TO CONTINUE IN THE IMMEDIATE FUTURE, AND EXPRESSED THEIR PARTICULAR CONCERN OVER THE PRESSING DIFFICULTIES IN PROSPECT FOR THE POOREST, AND THE MOST SERIOUSLY AFFECTED OF THE DEVELOPING COUNTRIES.

5. QUOTE: THE COMMITTEE AGREED THAT THE INDUSTRIALIZED COUNTRIES SHOULD SEEK TO ADOPT SUCH ADJUSTMENT MEASURES CONSIDERED NECESSARY IN THEIR CIRCUMSTANCES IN SUCH A WAY AS TO AVOID ANY REDUCTION IN THE NET FLOW OF REAL RESOURCES TO THE DEVELOPING COUNTRIES, SEEKING TO IMPROVE THE CONDI-

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TIONS UNDER WHICH DEVELOPING COUNTRIES AND INTERNATIONAL DEVELOPMENT FINANCE INSTITUTIONS MAY HAVE ACCESS TO THEIR CAPITAL MARKETS, AND TO IMPROVE THE REAL VOLUME AND THE QUALITY OF OFFICIAL DEVELOPMENT ASSISTANCE PROVIDED TO THE DEVELOPING COUNTRIES AND SHOULD AVOID TRADE RESTRICTIONS THAT COULD NEGATIVELY AFFECT DEVELOPING COUNTRIES' EXPORTS. THE COMMITTEE ALSO NOTED THE IMPORTANCE OF CONTINUED AND EXPANDED COOPERATION, PARTICULARLY IN THE TRANSFER OF TECH-

NOLOGY AND MANAGEMENT SKILLS, BETWEEN THE INDUSTRIALIZED AND SURPLUS OIL-PRODUCING COUNTRIES, IN ORDER TO PROMOTE THE DEVELOPMENT OF THE LATTER COUNTRIES AND THEREBY TO ASSIST THE OVERALL LONG-RANGE ADJUSTMENT PROCESS AND ALSO IN ORDER TO PROMOTE THE DEVELOPMENT OF OTHER DEVELOPING COUNTRIES.

6. QUOTE: THE COMMITTEE RECOGNIZED THE IMPORTANT AND INCREASING FLOW OF RESOURCES BEING MADE AVAILABLE BY THE

SURPLUS OIL-PRODUCING COUNTRIES TO THE DEVELOPING COUNTRIES AND TO THE INTERNATIONAL FINANCIAL INSTITUTIONS. IN WELCOMING SUCH INTEREST AND PARTICIPATION ON THE PART OF THESE COUNTRIES, THE COMMITTEE AGREED THAT THESE COUNTRIES SHOULD SEEK TO CONTINUE AND EXPAND THIS FLOW OF RESOURCES, IN ACCORDANCE WITH THEIR FINANCIAL CAPACITY TO DO SO.

7. QUOTE: THE COMMITTEE AGREED THAT THE SITUATION OF THE MOST SERIOUSLY AFFECTED COUNTRIES REQUIRES URGENT TREATMENT, AND THAT MEASURES SHOULD BE TAKEN TO COVER THE SHORT-TERM REQUIREMENTS CREATED BY THE PRESENT INTERNATIONAL SITUATION. IN THIS CONTEXT, THE COMMITTEE WELCOMED THE ACTION TAKEN BY THE INTERIM COMMITTEE WITH RESPECT TO A CONTINUATION AND EXPANSION OF AN OIL FACILITY IN THE FUND AND THE ESTABLISHMENT OF A SPECIAL ACCOUNT IN ORDER TO REDUCE FOR THE MOST SERIOUSLY AFFECTED MEMBERS THE BURDEN OF INTEREST PAYABLE BY THEM. THE COMMITTEE ALSO REVIEWED SEVERAL ADDITIONAL POSSIBLE COURSES OF ACTION. IT WAS AGREED THAT THE EXECUTIVE BOARDS OF THE BANK AND THE FUND SHOULD BE INVITED TO STUDY THE DESIRABILITY OF CREATING A SPECIAL TRUST FUND THAT WOULD PROVIDE, FOR THE PERIOD IMMEDIATELY AHEAD, ADDITIONAL HIGHLY CONCESSIONAL RESOURCES TO MEET THE REQUIREMENTS OF THE MOST SERIOUSLY AFFECTED

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COUNTRIES, AND THE POSSIBLE MODALITIES OF SUCH A FUND.

8. QUOTE: THE COMMITTEE INVITED THE EXECUTIVE BOARD OF THE BANK TO UNDERTAKE AN IMMEDIATE STUDY OF THE CONCEPT OF "THIRD WINDOW" LENDING BY THE BANK ON TERMS INTERMEDIATE BETWEEN THOSE OF THE BANK'S REGULAR LOANS AND THOSE OF IDA'S CONCESSIONAL CREDITS. THE COMMITTEE WELCOMED THE WILLINGNESS EXPRESSED BY SOME MEMBERS TO SUPPORT AND TO PROVIDE FINANCIAL RESOURCES FOR SUCH A FACILITY.

9. QUOTE: FOR ITS IMMEDIATE WORK PROGRAM, THE COMMITTEE INSTRUCTED THE SECRETARIAT TO PROPOSE SUCH MEASURES AS MIGHT BE CONSIDERED FOR EARLY IMPLEMENTATION TO PROMOTE INCREASED USE OF CAPITAL MARKETS BY DEVELOPING COUNTRIES, AND TO FACILITATE THEIR ACCESS TO SUCH MARKETS; TO REPORT

TO THE COMMITTEE ON AN APPROPRIATE WORK PROGRAM IN RESPONSE TO THE CONCLUSIONS OF THE RECENT WORLD FOOD CONFERENCE ON THE FINANCING OF FOOD, FERTILIZER, AND FOOD PRODUCTION; AND TO REVIEW THE ADEQUACY OF EXISTING INFORMATION SYSTEMS ON THE FLOW OF RESOURCES TO THE DEVELOPING COUNTRIES.

10. QUOTE: THE COMMITTEE ALSO AGREED THAT THE FUTURE WORK OF THE COMMITTEE SHOULD FOCUS ON THE BASIC LONG-TERM NEEDS OF THE DEVELOPING COUNTRIES AND, IN THIS CONNECTION, WELCOMED THE INTENTION OF THE PRESIDENT OF THE BANK TO INITIATE URGENTLY A STUDY OF THE CAPITAL REQUIREMENTS OF

DEVELOPING COUNTRIES TO MAINTAIN A REASONABLE RATE OF GROWTH IN PER CAPITA INCOME FOR THE REMAINDER OF THE DECADE. THE COMMITTEE INSTRUCTED THE EXECUTIVE SECRETARY TO INITIATE A BROAD AND CONTINUING REVIEW OF THE QUESTION OF THE TRANSFER OF REAL RESOURCES, USING AS A BASIS THE WORK OF THE COMMITTEE OF TWENTY AND TAKING INTO ACCOUNT THE CONCLUSIONS OF THE BANK'S STUDY, IN ORDER TO FORMULATE RECOMMENDATIONS AS TO HOW THE REQUIRED TRANSFERS OF REAL RESOURCES MIGHT BE MET THROUGH EXISTING OR NEW FINANCIAL MECHANISMS AND ARRANGEMENTS, INCLUDING ARRANGEMENTS FOR COMMODITY PRICE STABILIZATION. THE COMMITTEE WELCOMED THE STUDY TO BE UNDERTAKEN BY THE EXECUTIVE DIRECTORS OF THE FUND, AS AGREED BY THE INTERIM COMMITTEE, ON THE FUND'S FACILITIES FOR COMPENSATORY FINANCING AND ASSISTANCE TO

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INTERNATIONAL BUFFER STOCKS OF PRIMARY PRODUCTS.

11. QUOTE: THE COMMITTEE WAS GLAD TO NOTE THE ANNOUNCEMENTS MADE AT THE MEETING OF ACTIONS WHICH PERMIT THE FULL EFFECTIVENESS OF THE IDA IV REPLENISHMENT, AND URGED SYMPATHETIC CONSIDERATION OF THE PROPOSALS RECENTLY PUT FORWARD BY THE IBRD FOR AN INCREASED PROGRAM OF NORMAL BANK LENDING.

12. QUOTE: THE COMMITTEE AGREED TO HOLD ITS NEXT MEETING IN PARIS DURING THE FIRST PART OF JUNE 1975. END QUOTE. KISSINGER

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